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CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

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COUNTRY Colombia

SUBJECT Mining Opportunities

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1. Colombia appears to be prosperous and hard at work, following the [1953] coup whereby the army took over the government from the minority Conservative Party. The all-important coffee industry seemed to be thriving, with favorable prices for the coffee produced. New factories are being built in the principal cities. New hydro-electric power plants are being completed. The petroleum industry appears to be growing. Gold mining and gold prospecting have been stimulated as described below.

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2. Three important changes, with regard to mining, have taken place [REDACTED] These changes are:

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- (a) Constantly recurring fighting between forces of the Liberal and Conservative Parties, had made it difficult to carry on exploration work. All of this fighting has now been stopped, by a general amnesty to the Liberal forces. I was told that it is now possible to travel safely anywhere in Colombia.
- (b) A recent decree has freed the export of gold. Miners are now receiving about \$45 per ounce for gold produced.
- (c) A new mining code is now being written, designed to replace the antiquated mining laws which have held back Colombian mining for many years.

3. The following report covers general background data on Colombia, with regard to possible future mining operations. I have also described very briefly the former work done by [REDACTED] in that country, and have indicated where, in my opinion, future exploration work could be carried out to advantage. Many of the areas mentioned had been lined up for study when we left Colombia in 1951; but the work could not be done at that time because of serious fighting in the regions to be explored.

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4. [REDACTED] consider Colombia to be a favorable country for mining exploration. Much of the country has not been well looked over, and a heavy overburden of soil and vegetation makes exploration difficult in any case. Government policies seem to favor mining of all kinds. The economy of the country is based on agriculture, rather than mining; so that it is unlikely that a large mining operation would be treated as in Chile or Bolivia.

Mining and Petroleum

5. Foreign investment in the above, at the end of 1950, was as follows:

Petroleum	\$219,037,784.81 U.S.
Precious metals (mainly dredging)	35,443,795.37
Other mining	2,958,639.93
Total	\$257,440,220.11

The above figures give a good idea of the present relative importance of these industries. The locations of the more important operations are shown on Plate II, attached.

6. The Colombian petroleum laws have been modernized, and are now reasonably favorable to foreign investment. Standard of N.J., Shell, Texas Corp., Socony-Vacuum, Richmond, and other oil companies are operating in the country.
7. The metal mining laws are still antiquated, being based on the old Antioquian mining code of 1887. Claims covering precious metals and copper, are denounced as in other countries; except that placer claims within 100 meters of a "navigable" stream must be secured by special government concession. All other metals, such as lead, zinc, molybdenum etc. belong to the owner of the surface, unless reserved by government. The last statement also applies to non-metals. A commission has recently been named to formulate a new mining code, and present it for consideration of the government at the end of 1953. If a favorable mining code is adopted, the mining industry in Colombia should be greatly benefited.
8. Precious Metals. Colombia has long been famous as a gold producer. It has been estimated that historic gold production is about one billion dollars, at present price. In 1951, the production was 430,723 ounces of gold, of which 76% was produced by placer dredging and 23% by lode mining.
9. Recently, the selling of gold produced within Colombia, has been freed from all restrictions, in an effort to stimulate the industry. At the same time, a small premium paid on gold production was discontinued. Average sales of Colombian gold, since this measure went into effect, have been at approximately \$45 per ounce of gold.
10. The largest gold dredging operation is at Pato, on the Nechi River north of Medellin, in Antioquia. Two subsidiaries of Placer Development Corp, have 6 to 8 modern dredges in operation. The same interests operate the Aznazu placers on the Cauca River above Cali, now largely worked out. These three properties are now treating about 2,250,000 cubic yards of gravel per month, and are recovering \$0.315 per cubic yard treated, at \$45 per ounce of gold.
11. The second large dredging operation, is that of South America Gold and Platinum Corp, in the Chocó, south of the town of Quibdo, on the San Juan River, on the Pacific slope. This company also operates near Barbacoas, on the Telembi River, in the Department of Nariño. Four to five dredges produce an important amount of gold, and practically the entire platinum production (32,000 oz. in 1951) of Colombia.
12. The third largest gold producer is the Frontino Gold Mines Ltd., a British owned corporation operating lode mines and a cyanide plant in Antioquia, in the mountains south and above the Pato operation. The 500 ton per day mill treats ore of about 1/2 oz per ton grade.
13. Hundreds of smaller lode and placer operations account for the remainder of the gold production. Silver production is mainly a by-product of the gold lode mine operations; and amounted to 130,028 ounces in 1951.

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14. Base Metals. Colombia has never had a large base metal production, although numerous occurrences of copper, lead, zinc, molybdenum and iron have been long known. The limited size of known deposits, high freight rates to the coast, and difficulties of prospecting in rough mountainous areas covered by soil and vegetation, seem mainly responsible for this lack of base metal mining. Still another reason, is the fact that in Colonial times, the Spaniards were interested only in precious metals. The old Spaniards were good prospectors.

15. At present [redacted] iron deposits in Boyacá are being prepared to supply the new Paz del Rio steel industry. A single zinc deposit in Cundinamarca is operated by Callahan Zinc-Lead Co. of San Francisco (600 tons of zinc ore shipped in 1951). Lead, copper, antimony, molybdenum and other ores have been produced on a small scale in the past, when prices were especially high.

16. Non-Metals. Coal mining is an important local industry in Colombia. Coal is widespread. Mines are operated both by government and by private industry. Salt is a government monopoly. Deposits and springs are scattered all over the country. The Zipaquirá deposit is especially large and well known. Sulphur is produced at a small flotation plant at the volcano of Purace, near Popayán; where 2,500 tons of refined sulphur were produced in 1951. Johns-Manville is prospecting for asbestos in Antioquia. The emerald production, mainly from government-owned mines, was 68,000 carats in 1951. The cement industry is of great importance in Colombia.

Possibilities for Future Exploration

17. The only large metal deposits so far discovered and worked in Colombia have been the gold and gold-platinum river placer deposits, worked by dredging. These have been described above under "Precious Metals".

18. [redacted] principal exploration effort in Colombia, was drilling the lower Cauca River valley placers for gold. Values proved to be too low for a profitable large-scale dredging operation, so the options were dropped. While this placer examination was going on, James Harding conducted examination work on prospects that were brought in to him. After the placer examination was concluded, the writer continued general exploration on a small scale. All of this work was reported on to the New York Office, at the time. The latter part of the work became more and more hampered by fighting between Liberal Party guerrillas and Conservative government forces. Finally, conditions became so bad that operations were shifted to Peru, leaving much exploration work in Colombia for some future opportunity. It may be of interest to outline some of the work that was then planned, in case exploration work in Colombia should be resumed at some future time.

19. Precious Metal Placers. [redacted] the most favorable place in Colombia to look for large placers, is the Pacific coastal area south from Buenaventura, and extending into northern Ecuador. Most of the rivers in this area, such as the Anchicaya, Raposo, Cajambre, Yurumangui, Naya, Micay, Saija, Timbiqui, Guapi, Iscuade, Patía and Mira, are known to be gold bearing, and many contain platinum as well. [redacted] many large nuggets of gold and platinum brought in from the head-waters of some of these streams by the Negro settlers. South American Gold and Platinum Corp. have operated a gold dredge for years on the Telenbi River, a branch of the Patía River; and were starting to prospect the Micay River [redacted] Titles to some of the River placers are complicated by old Spanish Grants, and by multiple ownership. It would be a long legal job to straighten them out. However, all of these rivers have the great advantage of being readily accessible from the Pacific.

20. Another section that is difficult of access, but may well contain large areas of placer ground, lies across the Andes to the east, from the above. The upper reaches of the Guames, Urcusigua and Caquetá Rivers, all present dredging possibilities worthy of investigation.

21. Precious Metal Mines. No really large gold mines have yet been found in Colombia. It seems likely that the large gold placers were formed by erosion and reconcentration of very numerous small vein deposits. Antioquia has many hundreds of such deposits that have been prospected or worked. Possibilities for finding

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large gold mines are not so good, since the Spaniards covered the country pretty well in that regard. However, there is still a chance for large low-grade deposits to be discovered in Antioquia, Caldas, Cauca or Mariño, since soil and vegetation make prospecting difficult, and the Spaniards were not interested in very low grade deposits.

22. No platinum ore deposits have ever been found in Colombia, so that the source of the platinum in the placers is still unknown. A careful geological search for basic intrusions in the central to southern sections of the Western Range along the western slope, followed by study of the intrusives and contacts, might uncover platinum deposits. (discovered in 1951).
23. Base Metals. Copper is very widespread in Colombia, but known deposits are small and usually low grade. However, the Tolima area seems to the writer worthy of a careful further study of copper prospects. So far as I know, the Santa Marta uplift has never been well prospected, seems interesting from a geological standpoint, and should be worthy of prospecting for copper and other base metals.
24. Lead and zinc are not so widespread. Future prospects for these metals in Colombia on a large scale do not appear promising. However, the Santander-Caldas area, and the Eastern Range in Cundinamarca and Boyacá, seem to present the best possibilities.
25. Molybdenum possibilities are more interesting. The frequent acidic intrusive areas of the Central Range present good areas for study. In Tolima, known prospects, while small, are so numerous that the area has been described as a molybdenum metallogenic province.
26. As mentioned previously, prospecting and exploration in Colombia are difficult, due to the heavy mantle of soil and vegetation over most of the mountain area, no matter how steep and broken. A major drawback to mining operation in many parts of the country is difficult and expensive transportation to the coast. However, this is being improved by road construction and by improvements in the Magdalena waterway. Some new railroads are also under consideration. Steadily increasing air transport is also helping out.
27. Colombia is accustomed to securing most of its foreign exchange needs from coffee, banana and petroleum exports. The country should never be dependent upon a metal export for these needs, as are Chile and Bolivia.
28. [REDACTED] Colombia ranks with Peru, and to some extent Venezuela, as the most favorable South American countries for mineral exploration. A new favorable Colombian mining code, if adopted, would improve Colombia's position still further.

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Map
[Available from the CIA/Library as a photostat of map of Colombia showing:

Plate II - Location of Mining and Petroleum Exploitation.

Map call number: 88860-R. To borrow call code 113 ext. 2596.

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